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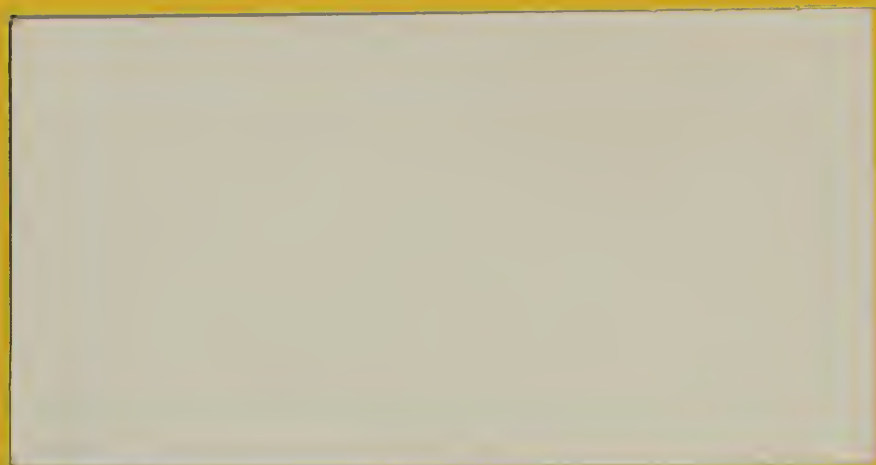
REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 1981



OFFICE OF THE LEGISLATIVE AUDITOR
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REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 1981

Office of the Legislative Auditor

Room 135, State Capitol

Helena, Montana 59601

STATE OF MONTANA

Office of the Legislative Auditor



STATE CAPITOL
HELENA, MONTANA 59620
406/449-3122

JAMES H. GILLETT, C.P.A.
ACTING LEGISLATIVE AUDITOR

October 1981

JOHN W. NORTHEY
STAFF LEGAL COUNSEL

The Legislative Audit Committee
of the Montana State Legislature:

Transmitted herewith is the report on the audit of the Butte Vocational Technical Center for the year ended June 30, 1981.

The audit was conducted by Veltkamp, Dore & Co., P.C., CPAs, under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is included in the back of the audit report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James H. Gillett".

James Gillett, CPA
Acting Legislative Auditor

BUTTE VOCATIONAL - TECHNICAL CENTER

TABLE OF CONTENTS

JUNE 30, 1981

<u>Description</u>	<u>Page</u>
Elected and administrative officials	1
Scope of examination and audit opinion	2
Financial statements:	
Balance sheet	3
Statement of changes in fund balances	4
Statement of current funds revenues and expenditures	5
Notes to financial statements	6-8
Schedule of FTE statistics	9
Report on internal control	10
Summary of recommendations	11-12
Report on audit of Basic Educational Opportunity Grant Program	13-24
Report on audit of SEOG and CWS Programs	25-38
Agency replies:	
Butte Vocational - Technical Center	39-44
Office of Public Instruction	45

BUTTE VOCATIONAL - TECHNICAL CENTER
ELECTED AND ADMINISTRATIVE OFFICIALS
JUNE 30, 1981

OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Ed Argenbright	Superintendent of Public Instruction and Executive Officer of Vocational Education
Gene Christiaansen	Vocational Education Administrator

BUTTE SCHOOL DISTRICT #1 BOARD OF TRUSTEES

Mark Lucich	
Dennis Henderson	Chairman
Robert Goodman	
Bob Fisher	
Robert Moodry	Vice Chairman
Herb Atkinson	
Molly Moritz	
Ron Collins	

ADMINISTRATIVE OFFICIALS SCHOOL DISTRICT #1

William C. Milligan	Superintendent
Tom Stetzner	Business Manager, District Clerk

BUTTE VOCATIONAL - TECHNICAL CENTER

Harrison J. Freebourn	Director
William O'Connor	Assistant Director

BUTTE VOCATIONAL - TECHNICAL CENTER

BALANCE SHEET

JUNE 30, 1981

ASSETS

CURRENT FUNDS

Unrestricted

Cash	\$ 9,827
Due from restricted funds	700
Inventory	14,389
Accounts receivable	784
	<u>-----</u>
	\$ <u><u><u>25,700</u></u></u>

Restricted

Cash	\$ 7,938
Accounts receivable	144
	<u>-----</u>
	\$ <u><u><u>8,082</u></u></u>

AGENCY FUNDS

Cash	\$ <u><u><u>2,299</u></u></u>
------	-------------------------------

LIABILITIES AND FUND BALANCES

CURRENT FUNDS

Unrestricted

Accrued expenses	\$ 1,200
Deferred credits - tuition fees	1,760
Accounts payable	4,266
Due to local governments (Note 3)	116,807
Fund balance (deficit)	<u>(98,333)</u>
	\$ <u><u><u>25,700</u></u></u>

Restricted

Accounts payable	\$ 1,998
Accrued expenses	68
Due to unrestricted funds	700
Fund balance	<u>5,316</u>
	<u>-----</u>
	\$ <u><u><u>8,082</u></u></u>

AGENCY FUNDS

Deposits held in custody for others	\$ <u><u><u>2,299</u></u></u>
-------------------------------------	-------------------------------

The accompanying Notes to Financial Statements
are an integral part of this statement.

BUTTE VOCATIONAL - TECHNICAL CENTER
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1981

	-----Current Funds-----	
	<u>Unrestricted</u>	<u>Restricted</u>
REVENUES AND OTHER ADDITIONS:		
Educational and general revenues	\$ 922,218	-
Auxiliary enterprise revenues	30,970	-
Federal grants and contracts -		
restricted	-	\$ 116,249
State grants and appropriations -		
restricted	-	3,365
Private grants - restricted	-	250
	-----	-----
TOTAL REVENUES AND OTHER ADDITIONS	953,188	119,864
	-----	-----
EXPENDITURES AND OTHER DEDUCTIONS:		
Educational and general expenditures	1,040,634	114,741
Auxiliary enterprise expenditures	30,633	-
	-----	-----
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,071,267	114,741
	-----	-----
NET INCREASE (DECREASE) FOR THE YEAR	(118,079)	5,123
FUND BALANCE AT BEGINNING OF YEAR	19,746	193
	-----	-----
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (98,333)	\$ 5,316
	=====	=====

The accompanying Notes to Financial Statements
are an integral part of this statement.

BUTTE VOCATIONAL - TECHNICAL CENTER
STATEMENT OF CURRENT FUNDS REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1981

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUES:			
Education and general -			
State appropriations	\$ 604,308	-	\$ 604,308
Federal grants	162,880	\$ 116,249	279,129
Local appropriations	79,543	-	79,543
Tuition and fees	75,487	-	75,487
State grants	-	3,365	3,365
Private grants	-----	250	250
TOTAL EDUCATION AND GENERAL	922,218	119,864	1,042,082
Auxiliary enterprises	-----30,970	-----	-----30,970
TOTAL CURRENT REVENUES	-----953,188	-----119,864	-----1,073,052
EXPENDITURES:			
Education and general -			
Salaries and employee benefits	927,832	101,685	1,029,517
Consulting fees	4,343	-	4,343
Contracted services	1,035	784	1,819
Supplies and materials	31,848	1,074	32,922
Communications	6,528	668	7,196
Travel	5,466	430	5,896
Rent	23,703	-	23,703
Utilities	13,379	-	13,379
Repair and maintenance	3,566	54	3,620
Other expenses	1,138	714	1,852
Equipment expenses	21,796	1,027	22,823
Student grants	-	7,415	7,415
Administration fees	-----	890	890
TOTAL EDUCATION AND GENERAL	1,040,634	114,741	1,155,375
Auxiliary enterprise expenses	-----30,633	-----	-----30,633
TOTAL EXPENDITURES	-----1,071,267	-----114,741	-----1,186,008
NET INCREASE (DECREASE) IN FUND BALANCES	\$====(118,079)	\$====5,123	\$====(112,956)

The accompanying Notes to Financial Statements
are an integral part of this statement.

BUTTE VOCATIONAL - TECHNICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1981

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis

The financial statements of the Butte Vocational - Technical Center have been prepared on the accrual basis except for depreciation accounting as explained in Note 2 to the financial statements. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the general fund. Such assets should also be recorded at cost in the general fixed asset fund. However, this fund is not presented as explained in Note 2.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Center, the accounts of the Center are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the

purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

(2) PROPERTY AND EQUIPMENT

Property and equipment with an estimated current fair market value of \$391,655 was expensed as purchased in previous years. This property should have been recorded at cost in the general fixed asset fund and is therefore not presented in accordance with generally accepted accounting principles. The book value of this equipment is not readily determinable. Depreciation on property and equipment is not recorded.

(3) NOTES AND CONTRACTS PAYABLE

Notes and contracts payable consist of (1) an 8.25% contract for the purchase of equipment, payable in 36 monthly installments of \$447 with a final maturity of November, 1983; (2) a loan from Butte School District #1 Elementary Bus Reserve Fund dated June 15, 1981, in the amount of \$116,807 due June 15, 1982.

(4) RETIREMENT PLANS

The Center has certain contributory pension plans for academic and nonacademic personnel. Total pension expense for the year was \$42,555 for the Teachers Retirement System and \$6,572 for the Public

Employees Retirement System. The plans were actuarially sound at July 1, 1979 and July 1, 1980 respectively, the date of the most recent actuarial valuations.

(5) COMMITMENTS AND CONTINGENCIES

The Center plans to construct a new building which is to be financed through the sale of bonds. No bids have been received for the bond sale, however.

BUTTE VOCATIONAL - TECHNICAL CENTER
SCHEDULE OF FTE STATISTICS
FOR THE ACADEMIC YEAR ENDED JUNE 30, 1981

<u>Term</u>	<u>12th Day Student Enrollment</u>	<u>Days</u>	<u>Student Contact Hours</u>	<u>F.T.E.</u>
Fall	317	58	102,892	411.568
Winter	297	61	102,358	409.432
Spring	<u>315</u>	<u>61</u>	<u>106,408</u>	425.632
TOTAL	<u>929</u>	<u>180</u>	<u>311,658</u>	
Academic year Full time equivalent				<u>415.54</u>

Full time equivalents (FTE) is the standard used by each center to determine the proper allocation of funding. FTE is calculated using: (1) 12th day enrollment, (2) number of instructional days per quarter, and (3) student contact hours, which are a result of multiplying the number of instructional days per quarter times the hours of registered instruction per student. A summation of all student contact hours represents the contact hours per quarter as shown above. FTE equals total contact hours divided by a standard 250 hours quarterly, or 750 hours for the academic year.

VELTKAMP, DORE & CO.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

PHONE 406-587-1277

MARTEL PLAZA BUILDING

P.O. BOX 1965

BOZEMAN, MONTANA 59715

To the Legislative Audit Committee
of the Montana State Legislature:

We have examined the financial statements of the BUTTE VOCATIONAL - TECHNICAL CENTER for the year ended June 30, 1981, and have issued our report thereon dated September 25, 1981. As part of our examination, we made a study and evaluation of the Center's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the company's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Center is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Butte Vocational - Technical Center taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

This report is intended solely for the use of management and regulatory authorities and should not be used for any other purpose.

Veltkamp Dore & Co.

Bozeman, Montana,
September 25, 1981.

SUMMARY OF RECOMMENDATIONS

The following is a summary of audit recommendations which may enhance the internal controls at the Butte Vocational - Technical Center.

(1) PREVIOUS RECOMMENDATIONS

As part of our audit we reviewed the current status of previous comments made by the Office of the Legislative Auditor. All major deficiencies were corrected.

(2) GENERAL FIXED ASSETS

The Center should maintain a separate General Fixed Asset Fund to record major equipment purchases. Presently all equipment is shown as an expenditure of the general fund with no detailed fixed asset records. This treatment is not in accordance with generally accepted accounting principles.

(3) CASH ACCOUNTS

The Center presently maintains manual records to account for activity in the DFAFS cash account. SBAS should be modified to allow a detailed subsidiary ledger by fund for DFAFS cash, to eliminate the need for manual records.

During our test of cash receipts, it was noted that deposits are not always made on a timely basis. Although the policy is to deposit cash at least once per week, or when cash exceeds \$100 or cash and checks exceed \$500, we noted several instances where this policy was not enforced.

As of June 30, 1981, the Center received \$150 for advanced tuition payments. This cash was not entered into the SBAS until fiscal year 1982. This cash should have been recorded with an offsetting entry to deferred revenue as of June 30, 1981.

(4) JOURNAL VOUCHER ENTRIES

During our review of journal entries we noted the Center does not have on file copies of all journal voucher form 271's issued. Copies of all journal vouchers made on behalf of the Butte Vocational - Technical Center should be on hand at the Center.

(5) FUND TRANSFERS

Temporary cash transfers are being made before approval of budget amendments are granted. The center should attempt to anticipate cash needs further in advance.

(6) EXPENSE ACCOUNT CODING

Our analysis of rent expense disclosed inconsistencies in expense account distribution. The monthly data processing equipment rental was encoded in four different expense accounts during the year. In order to maintain consistency, a summary control listing indicating the proper account distribution for recurring monthly charges should be implemented.

(7) DUPLICATION OF RECORDS

It is understandable that during the first year of SBAS implementation duplicate manual records were necessary. However, beginning in fiscal year 1982, manual records should be kept to a minimum. Any deficiencies in the SBAS creating a need for manual records should be communicated to the Department of Administration so that corrective action can be taken.

SPECIAL REPORT

ON

BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM

INTRODUCTION

Background

The Butte Vocational - Technical Center entered into an agreement with the Office of Education to participate in the Basic Educational Opportunity Grant (BEOG) program. This program provided eligible students with a foundation of financial aid to help defray the costs of post-secondary education. Program funds in the amount of \$97,134 and \$96,497 were authorized for the academic years 1980-81, and 1979-80 respectively. During these years, \$99,524 in 1980-81 and \$93,677 in 1979-80 was expended for Basic Grant Awards to students. In addition, the Center received during the academic years, other Office of Education Student Financial Aid funds for the College Work Study and Supplemental Educational Opportunity Grant Programs. The Center also received funds from the State Student Incentive Grant Program and a local scholarship program.

Scope of Audit

Our examination of the Basic Educational Opportunity Grant program was performed in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions issued by the U.S. Comptroller General in June 1972 (1974 reprint) and the HEW Guide for Audits of Basic Educational Opportunity Grant Program, dated June 1978. The audit covered the period July 1, 1979 through June 30, 1981 and field work was performed during the period September 15, 1981 through September 25, 1981 at the Center's business and student financial aid offices.

Our examination for fiscal years 1980 and 1981 included:

- expressing an opinion on the Statement of Changes in Fund Balances, and the June 30 Progress Report, Section III, "Status of Authorization" -- Column A;
- ascertaining whether expenditures claimed for Federal funding under BEOG authorization on the above financial statements are fairly presented in accordance with generally accepted accounting principles and requirements of the BEOG program as set forth in the Guide for Audits of Basic Educational Opportunity Grant Program.

- assessing the Institution's internal accounting and administrative controls based on the criteria set forth in Sections 3.2 and 3.3 of the HEW audit guide; and
- determining if the BEOG program was administered in compliance with applicable laws, regulations, and Office of Education instructions as identified in Sections 3.2 and 3.3 of the HEW audit guide and the Terms of Agreement.

As part of our review, we requested confirmations from selected students who received BEOG awards during the period under audit.

HIGHLIGHTS OF AUDIT RESULTS

Our unqualified opinion on the financial statements appears elsewhere in this report. During our examination nothing came to our attention which caused us to believe that the Butte Vocational - Technical Center had not generally administered the BEOG program in accordance with the law, Federal regulations and OE directives cited in the HEW Audit Guide for the BEOG program. However, certain aspects of the management of the BEOG program need improvement, as detailed in the findings and recommendations section of this report.

VELTKAMP, DORE & CO.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

PHONE 406-587-1277

MARTEL PLAZA BUILDING

P.O. BOX 1965

BOZEMAN, MONTANA 59715

To the Legislative Audit Committee
of the Montana State Legislature:

We have examined the Statement of Changes in Fund Balances of the BUTTE VOCATIONAL - TECHNICAL CENTER applicable to its Basic Educational Opportunity Grant (BEOG) program for the period July 1, 1979 to June 30, 1981. (See Exhibit A.) Our examination was made in accordance with the financial and compliance elements of the Standards for Audits of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. Comptroller General in 1972 (1974 reprint). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The Guide for Audits of Basic Educational Opportunity Grant Program, Department of Health, Education, and Welfare, dated June 1978 was used as a guide in the examination.

In our opinion, the Statement referred to above presents fairly the changes in fund balances of the Butte Vocational - Technical Center's BEOG program for the periods July 1, 1979 to June 30, 1981 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made primarily for the purpose of formulating an opinion on the Statement of Changes in Fund Balances. Although not considered necessary for fair presentation of changes in fund balances, the annual Progress Reports (Exhibit B) for the periods July 1, 1979 to June 30, 1981 are presented for supplementary analysis purposes. The information contained in Section III, "Status of Authorization" -- Column A of Exhibit B was subjected to the same auditing procedures applied in our examination of the Statement of Changes in Fund Balances and is, in our opinion, fairly stated in all material respects in relation to Exhibit A taken as a whole. All other information set forth in Exhibit B was not audited by us and we express no opinion thereon.

Veltkamp Dore & Co

Bozeman, Montana,
September 25, 1981.

INTERNAL ACCOUNTING AND
ADMINISTRATIVE CONTROLS
AND COMPLIANCE

We have examined the financial statements (Exhibits A and B) for the periods July 1, 1979 through June 30, 1981 for the Butte Vocational - Technical Center's BEOG program. Our opinion on these statements is on page 16. As a part of our examination, we have made a study of the Center's system of internal accounting control to the extent we considered necessary to evaluate the system as required by the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions issued by the U.S. Comptroller General in June 1972 (1974 reprint). Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

We have also made a study of those internal accounting control and administrative control procedures of the Butte Vocational - Technical Center that we considered relevant to the criteria established by the Department of Health, Education, and Welfare as set forth in Sections 3.2 and 3.3 of its audit guide issued June 1978. Our study included tests of compliance with such procedures during the periods from July 1, 1979 to June 30, 1981.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We understand that the objective of those administrative control procedures comprehended in the HEW criteria is to provide similar assurance as to compliance with its related requirements. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

We understand that procedures in conformity with the criteria referred to in the second paragraph of this part of the report are considered by HEW to be adequate for its purpose in accordance with the provisions of the Higher Education Act of 1965 and related regulations, and that procedures not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and on our study, we believe the Butte Vocational - Technical Center's procedures were adequate for HEW's purposes.

This report is intended for use in connection with the grant to which it refers and should not be used for any other purposes.

FINDINGS AND RECOMMENDATIONS

The following exceptions were noted during our review of selected student files for BEOG recipients.

<u>Name</u>	<u>Description</u>
John Romine Jim Williamson	The estimated cost of education was less than the award amount.

<u>Name</u>	<u>Description</u>
Michael Sigler (1981)	File did not contain re-
Harley Speegle (1981)	quired affidavit of
Debbie Trevena (1980)	educational purpose.
Taurina White (1980)	
Jim Williamson (1980)	
Mary Alice Cavanaugh	No record in file showing
Thomas Beatty	award payment amounts
Richard Paige	and dates.

PRIOR AUDIT REPORTS

As part of our audit process, we checked the current status of previous audit recommendations made by the Office of the Legislative Auditor in their June 30, 1979 report. All deficiencies relating to the BEOG program were corrected.

Exhibit A

BUTTE VOCATIONAL - TECHNICAL CENTER
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE AWARD PERIOD JULY 1, 1980 THROUGH JUNE 30, 1981

ADDITIONS:

Current OE approved authorization \$ 97,134 (1)

DEDUCT:

Funds not requested from DFAFS -----0-

TOTAL FUNDS PROVIDED -----97,134

DEDUCTIONS:

Gross awards to students 101,686
Less - Recoveries (2,162)
Administration fees -----1,810

TOTAL DEDUCTIONS -----101,334 (3)

NET INCREASE (DECREASE)FOR THE YEAR (4,200)

FUND BALANCE, BEGINNING OF YEAR -----4,200 (2)

FUND BALANCE, END OF YEAR \$=====0=

NOTES

(1) 97,134 + (2) 4,200 = 99,524 (line 19 of 6-30-81 progress report, OE 255-3)

(3) 101,334 (line 25 of 6-30-81 progress report, OE 255-3)

BUTTE VOCATIONAL - TECHNICAL CENTER
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR AWARD PERIOD JULY 1, 1979 THROUGH JUNE 30, 1980

ADDITIONS:

Current OE approved authorization	\$ 96,497 (4)
-----------------------------------	---------------

DEDUCT:

Funds not requested from DFAFS	-----0-
--------------------------------	---------

TOTAL FUNDS PROVIDED	__96,497
----------------------	----------

DEDUCTIONS:

Gross awards to students	94,139 (1)
Less - Recoveries	----- (462) (3)

TOTAL DEDUCTIONS	__93,677 (2)
------------------	--------------

NET INCREASE (DECREASE) FOR THE YEAR	2,820
--------------------------------------	-------

FUND BALANCE, BEGINNING OF YEAR	___1,380 (5)
---------------------------------	--------------

FUND BALANCE, END OF YEAR	\$====4,200
---------------------------	-------------

NOTES

- (1) 94,139 (corrected line 19 of 6-30-80 progress report, OE 255-3)
- (2) 93,677 (corrected line 21 of 6-30-80 progress report, OE 255-3)
- (3) 462 (line 20 of 6-30-80 progress report, OE 255-3)
- (4) 96,497 + (5) 1,380 = 97,877 (line 25 of 6-30-80 progress report
OE 255-3)

VOCATIONAL TECHNICAL CENTER



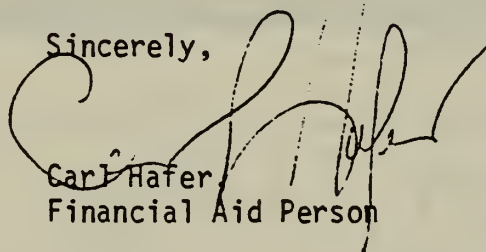
November 7, 1980

Basic Education Opportunity Grant Program
U.S. Department of Education
P.O. Box 2468
Washington, D.C. 20013

Dear Sirs:

When submitting our Progress Report for the period ending June 30, 1980; the figure of \$93,676.62 was used for line 19. This figure should have been \$94,138.40. I have corrected this figure on this report form, #255-4.

Sincerely,



Carl Hafer
Financial Aid Person

CH/mas

Award Period 1979-80



DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE
OFFICE OF EDUCATION
Washington, D.C. 20202

PLEASE READ INSTRUCTIONS before
completing this form.
FORM APPROVED
OMB NO. 51-R0993

(1-6) 1. BEOG ID NO.:
(7-8) 2. EIN NO.:
(9-20)

(27) 3. Report for: (Check One Box Only)
1 ☐ Oct. 31 2 ☐ Feb. 28 3 ☐ June 30
4 ☐ AD HOC Request for Change in current OE Approved Authorization
(Use between reporting periods 7/1/79 thru 6/30/80)
5 ☐ June Revised (Use only if June 30 report previously filed)

SECTION I GENERAL INFORMATION (Complete only if information below is incomplete or incorrect)

4. Institution NAME and ADDRESS

(28) ☐ Check here when NAME and/or ADDRESS has changed and indicate changes below:

(29-34) 8. Date of Submission: 6-15-80
mo. day year

(35-42) 9A. Amount for 1979-80 Part-time BEOG recipients \$ 716
(43-48) 9B. No. of 1979-80 Part-time BEOG recipients

(49) 10. SIGNATURE *C. F. T. H.*

Official responsible for this PROGRESS REPORT (Sign Item 10)

5. Name:
6. Title:
7. Phone:

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include, among others 18 U.S.C. 1001.

SECTION II (Complete only if information below is incomplete or incorrect)

(50) 11. Type of institution: 1 <input type="checkbox"/> University 2 <input type="checkbox"/> Other 4-year 3 <input type="checkbox"/> At least 2-yr, but less than 4-year 4 <input type="checkbox"/> At least 1-yr, but less than 2-year 5 <input type="checkbox"/> At least 6 mos., but less than 1-yr.	1979-80 Undergraduate Enrollment (55-60) 14. A. Full-time: (64-69) 15. A. Part-time:	Percent Living On-Campus (61-63) B. Full-time: (70-72) B. Part-time:	(74-75) 17. Length of Award Period (from 7/1/79 to 6/30/80 or equivalent on which charges below are based): months 18. Average institutional Charges per Full-time Undergraduate Student: For 1979-80 (9-16) Tuition and Fees (In-State) A. \$ (17-24) Room (On-Campus) B. \$ (25-32) Board (On-Campus) C. \$ For 1980-81 (Estimated) (33-40) Tuition and Fees (In-State) D. \$ (41-48) Room (On-Campus) E. \$ (49-56) Board (On-Campus) F. \$
(51) 12. Control: 1 <input type="checkbox"/> Public 2 <input type="checkbox"/> Private, non-profit 3 <input type="checkbox"/> Private, profit making	(73) 16. Accreditation Status: 1 <input checked="" type="checkbox"/> Fully Accredited 2 <input type="checkbox"/> Candidate 3 <input type="checkbox"/> Correspondent 4 <input type="checkbox"/> "3 Letters" Specify Agency:		
(52-54) 13. U.S. Congressional District:			

SECTION III STATUS OF AUTHORIZATION (See instructions. Show dollars only. Do NOT show cents.)

	Amount (A)	No. of BEOG Recipients (E)
19. Gross Expenditures (actual payments to students to date for current award period) (37)(9-16) 19.	\$ 93,676.62	(17-24)
20. Less Recoveries (to date for current award period only) (25-32) 20.	\$ 466.74	
21. Net Expenditures (41-48) 19 - 20 = 21.	\$ 93,214.84	
ESTIMATED DEMAND FOR ADDITIONAL FUNDS (for remainder of current award period):		
22. Amount for Present Recipients (57-64) 22.	\$	
23. Amount for Additional Recipients Expected to Qualify (65-72) 23.	\$	(73-80)
24. Total Estimated Expenditures and Recipients (47)(9-16) 21 + 22 + 23 = 24A. (for ENTIRE award period: 7/1/79-6/30/80) 19B + 23B = 24B.	\$ 73,214.84	(17-24) 25 = 14
25. Current OE Approved Authorization per USOE records as of: (25-32) 25.	\$	
26. Institution's Estimated Authorization Adjustment (33-40) 24 - 25 = 26.	\$ + 400	
27. Number of Student Eligibility Reports Previously Submitted (41-48) 27.		
28. Number of Student Eligibility Reports Submitted with this Report (49-56) 28.		12
29. Total Number of Student Eligibility Reports Submitted (57-64) 27 + 28 = 29.		12

SPECIAL REPORT

ON

COLLEGE WORK-STUDY AND SUPPLEMENTAL EDUCATIONAL

OPPORTUNITY GRANTS PROGRAMS

INTRODUCTION

Background

The Butte Vocational - Technical Center has approval of the Office of Education to participate in Student Financial Aid Programs. Our examination of the College Work-Study Program and Supplemental Educational Opportunity Grants Program of the Butte Vocational - Technical Center, for the years ended June 30, 1981 and 1980, was directed toward the objectives set forth in the audit guide dated June, 1980, prepared by the Department of Education.

College Work-Study (CWS) Program

Sixty-five students in 1981 and eighty-three students in 1980 participated in the CWS Program. Expenditures for wages aggregated \$52,639 in 1981 and \$55,826 in 1980. The authorization award letter to the Center for federal funds was \$43,375 in 1981 and \$43,515 in 1980.

Supplemental Educational Opportunity Grants Program

The SEOG Program provided funds to twenty students in 1981 and fifteen in 1980. Awards made from federal funds aggregated \$3,800 in 1981 and \$6,050 in 1980.

Scope of Audit

Our audit of the College Work-Study Program and Supplemental Educational Opportunity Grants Program was performed in accordance with the financial and compliance elements of the Standards for Audit Governmental Organizations Programs, Activities and Functions issued by the Comptroller General in June 1972 (1974 reprint) and the audit guide prescribed by the Department of Education dated June, 1980. The purpose of the audit was to formulate an opinion on the basic financial statements taken as a whole and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and ED directives which are set forth in the audit guide.

The audit included:

1. Expressing an opinion on the balance sheets, related statement of changes in fund balances, and supplementary schedules.
2. Evaluation of the institution's policies, procedures, and practices used to administer the program.
3. Determination of compliance with applicable sections of the acts, related federal regulations and Department of Education policies and procedures.
4. Evaluation of the institution's systems of internal control, accounting, and reporting, and the controls maintained in the operation of and accounting for the funds provided for the programs.
5. Reconciliation of the information reported on the appropriate financial statements, with ED Form 646 for the years audited.

As part of our audit we obtained confirmation from selected students on SEOG awards and students participating in the CWS Program. We mailed out nineteen confirmations to recipients of various financial aid awards. We received seven responses, including second requests. All exceptions were resolved to our satisfaction.

The audit covered fiscal years 1981 and 1980 and field work was performed during the period September 15, 1981 through September 25, 1981 at the Center's business and student financial aid offices.

HIGHLIGHTS OF AUDIT RESULTS

Our unqualified opinion on the basic financial statements appears elsewhere in this report. During our audit nothing came to our attention which caused us to believe that the Butte Vocational - Technical Center had not generally administered its student aid programs (CWS and SEOG) in accordance with the federal regulations and directives cited in the audit guide for the CWS and SEOG programs. However, certain areas of the institution's management of student aid programs were in need of improvement, as detailed in the findings and recommendations section of this report.

VELTKAMP, DORE & CO.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

PHONE 406-587-1277

MARTEL PLAZA BUILDING

P.O. BOX 1965

BOZEMAN, MONTANA 59715

To the Legislative Audit Committee
of the Montana State Legislature:

We have examined the balance sheets of the College Work-Study (CWS) and Supplemental Educational Opportunity Grants (SEOG) Programs of the BUTTE VOCATIONAL - TECHNICAL CENTER as of June 30, 1981 and 1980 and the related statements of changes in fund balances for the years then ended. Our examination was made in accordance with the financial and compliance elements of the Standards for Audits of Governmental Organizations, Programs, Activities & Functions issued by the Comptroller General (GAO), in June 1972 (1974 reprint). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The Guide for Audits of NDSL, CWS and SEOG Programs, Department of Education, dated June, 1980, was used as a guide in the examination.

In our opinion, the aforementioned financial statements present fairly the financial position of the CWS and SEOG Programs of the Butte Vocational - Technical Center at June 30, 1981 and 1980 and the changes in fund balances for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

The supplementary data included in Schedule 1 is presented for supplementary analysis purposes and is not necessary for a fair presentation of the financial position as of June 30, 1981 and 1980 and the changes in fund balances for the years then ended. The supplementary data included in Schedule 1 has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is stated fairly in all material respects only when considered in conjunction with the financial statements of the CWS and SEOG Programs taken as a whole.

Veltkamp Dore & Co

Bozeman, Montana,
September 25, 1981.

BUTTE VOCATIONAL - TECHNICAL CENTER
COLLEGE WORK-STUDY PROGRAM
BALANCE SHEET
JUNE 30, 1981 AND 1980

ASSETS

	<u>1981</u>	<u>1980</u>
Cash	\$ 6,351	\$ 193
Accounts receivable	144	-
	-----	-----
TOTAL ASSETS	\$ <u><u>6,495</u></u>	\$ <u><u>193</u></u>

LIABILITIES AND FUND BALANCE

Accrued expenses payable	\$ 68	\$ -
Accounts payable	846	-
Due to unrestricted funds	700	-
Fund balance	4,881	193
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>6,495</u></u>	\$ <u><u>193</u></u>

See accompanying notes to financial statements.

BUTTE VOCATIONAL - TECHNICAL CENTER
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BALANCE SHEET
JUNE 30, 1981 AND 1980

ASSETS

	<u>1981</u>	<u>1980</u>
Cash	\$ <u>435</u>	\$ <u>-</u>
TOTAL ASSETS	\$ <u><u>435</u></u>	\$ <u><u>-</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ <u>-</u>	\$ <u>-</u>
Fund balance	<u>435</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>435</u></u>	\$ <u><u>-</u></u>

See accompanying notes to financial statements.

BUTTE VOCATIONAL - TECHNICAL CENTER
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1981 AND 1980

	<u>1981</u>	<u>1980</u>
ADDITIONS:		
Total grant award authorization	\$ 43,375	\$ 43,515
Less -		
Amounts not requested from DFAFS	-----	----- (515)
TOTAL PROVIDED BY FEDERAL GOVERNMENT	--43,375	--43,000
Add - Funds transferred from		
BEOG Program	1,810	-
SEOG Program	190	496
VCIP Program	2,590	411
Funds provided by the Center and		
off-campus agencies	--11,596	--17,523
TOTAL ADDITIONS	--59,561	--61,430
DEDUCTIONS:		
Wages -		
On-campus -		
Federal share	13,189	8,726
Institution share	3,213	3,921
Off-campus -		
Federal share	30,621	32,798
Institution share	--5,616	--10,381
	--52,639	--55,826
Administrative expenses	--2,234	--5,411
TOTAL DEDUCTIONS	--54,873	--61,237
NET INCREASE (DECREASE) FOR THE YEAR	4,688	193
FUND BALANCE, BEGINNING OF YEAR	-----193	-----
FUND BALANCE, END OF YEAR	\$====4,881	\$====193

See accompanying notes to financial statements.

BUTTE VOCATIONAL - TECHNICAL CENTER
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1981 AND 1980

	<u>1981</u>	<u>1980</u>
ADDITIONS:		
Total grant award authorization	\$ 4,425	\$ 5,578
DEDUCT:		
Amounts not requested from DFAFS	-----	-----
TOTAL PROVIDED BY FEDERAL GOVERNMENT	-----4,425	-----5,578
 Add - Funds tranferred from CWS Program	 -	 37
DEDUCTIONS:		
Initial awards	2,655	6,050
Continuing awards	1,145	-
Administrative expense	190	448
Transfer to CWS Program	-----	-----48
TOTAL DEDUCTIONS	-----3,990	-----6,546
INCREASE (DECREASE) DURING THE YEAR	435	(931)
FUND BALANCE, BEGINNING OF YEAR	-----	-----931
FUND BALANCE, END OF YEAR	\$=====435	\$=====

See accompanying notes to financial statements.

BUTTE VOCATIONAL - TECHNICAL CENTER
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 1981 AND 1980

	<u>1981</u>	<u>1980</u>
TOTAL ADMINISTRATIVE COST ALLOWANCE (CWS, SEOG, VCIP, SSIG)	\$ 2,234	\$ 5,411
DEDUCT:		
Expenditures relating to administering all student financial aid programs:		
Supplies and materials	83	-
Communications	668	397
Travel	309	516
Repair and maintenance	54	-
Other expenses	420	956
Secretarial services	700	-
Salaries	-----	3,542
	-----	-----
	2,234	5,411
	-----	-----
BALANCE OF COST ALLOWANCE	\$ -----0--	\$ -----0--

See accompanying notes to financial statements.

BUTTE VOCATIONAL - TECHNICAL CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1981 AND 1980

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CWS and SEOG Programs at the Center have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Generally accepted accounting principles are in agreement with the accounting practices prescribed for such programs by the Department of Education in the Terms of Agreement and in fiscal control fund accounting procedures.

(2) AGREEMENT TO FISCOP REPORT

The amounts reported on the financial statements agree with the figures reported on the Fiscal - Operations Report, ED Form 646 with the exception of SEOG administrative fees for 1980. A difference of \$206 results from recognizing fees from prior years which were authorized, but not charged to the SEOG program until 1980.

VELTKAMP, DORE & CO.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

PHONE 406-587-1277

MARTEL PLAZA BUILDING

P.O. BOX 1965

BOZEMAN, MONTANA 59715

ACCOUNTANT'S REPORT ON INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS AND COMPLIANCE

We have examined the financial statement on the CWS and SEOG Programs of the BUTTE VOCATIONAL - TECHNICAL CENTER for the years ended June 30, 1981 and 1980. Our opinion on the above statements is contained on page 28 of this report. As a part of our examination, we have made a study of the Center's system of internal accounting control to the extent we considered necessary to evaluate the system as required by Standards for Audits of Governmental Organizations, Programs, Activities & Functions, issued by the Comptroller General (GAO) in June 1972 (1974 reprint). Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

We have also made a study of those internal accounting control and administrative control procedures of the Butte Vocational - Technical Center that we considered relevant to the criteria established by the Department of Education as set forth in Sections 3.2, 3.3 and 3.4 of its Audit Guide issued June 1980. Our study included tests of compliance with such procedures during the periods from July 1, 1979 to June 30, 1981.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We understand that the objective of those administrative control procedures comprehended in the Department of Education criteria is to provide similar assurance as to compliance with its related requirements. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily require estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depend upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the estimates and judgements required in the

the preparation of financial statements. Further, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

The examination referred to above was directed primarily toward formulating an opinion on the aforementioned financial statements as of and for the years ended June 30, 1981 and 1980 taken as a whole. The supplementary data included in Schedule 1 is presented for supplementary analysis purposes and is not necessary for a fair presentation of the financial position as of June 30, 1981 and 1980 and the changes in fund balances for the years then ended. The supplementary data included in Schedule 1 has been subjected to the auditing procedures applied in the examination of the basic financial statements of the CWS and SEOG Programs taken as a whole.

Veltkamp Dore & Co.

Bozeman, Montana,
September 25, 1981.

FINDINGS AND RECOMMENDATIONS

FINANCIAL AID PROGRAMS

The following comments relate to recommendations concerning the College Work-Study (CWS) , Supplemental Educational Opportunity Grant (SEOG), and the State Student Incentive Grant (SSIG) programs. See the separate report section for comments regarding the Basic Educational Opportunity Grant (BEOG) program.

College Work-Study

The following exceptions were noted during our review of selected CWS student financial aid files:

<u>Name</u>	<u>Exception</u>
Toni Simmons	Student had class and work-study scheduled at the same time.
Gary Button	No signed affidavit of educational purpose in file.
Mary A. Cavanaugh	File does not establish a need for CWS funds.
Tom Barsanti	Student was paid more than the awarded amount.
Colleen Boyle	
Sam Freece	
Barry Martin	
Richard Paige	

In general, the CWS system does not provide documentation to indicate that students with the most financial need are given the greatest preference. The financial aid officer performs this procedure informally.

State Student Incentive Grant Program

In general, better documentation is needed to comply with state standards. The following items should be documented in the file:

- a) residency status
- b) source of income
- c) whether initial or continuing student
- d) reason for any change in original decision to deny or approve the grant
- e) evidence of award coordination with other programs

Supplemental Educational Opportunity Grant Program

The following exceptions were noted during our review of selected student files for the SEOG program:

<u>Name</u>	<u>Description</u>
Wanda Hill	Support for student budget estimate lacking
N. Deoner	Same as above
M. Cavanaugh	Financial need shows \$610, student awarded \$1,200

Overall, better documentation is needed to show that the student is maintaining satisfactory progress and is currently enrolled. A check-off box on the acceptance letter would document this procedure.

In accordance with Federal regulations, disbursements should be supported by checks which specifically identify the SEOG program. A notation on the warrant under the department heading would satisfy this requirement.

Administrative fees under the SEOG program may not exceed 4% in 1980 and 5% in 1981 of the gross awards to students. This limit was exceeded by \$206 in 1980; however, this was due to fees for previous years which were not charged until 1980.

Prior Audit Reports

As part of our audit procedures we reviewed the current status of previous recommendations made by the Office of the Legislative Auditor in their 1979 audit report. There were no recommendations addressed specifically to the CWS or SEOG programs.

VOCATIONAL TECHNICAL CENTER



November 11, 1981

Veltkamp, Dore and Co., P. C.
220 Larime
Bozeman, Montana 59715

Gentlemen:

Subject: Butte Vocational-Technical Center Report on Examination
of Financial Statements, Fiscal Year Ended June 30, 1981

1. Attached to this communication is School District No. 1
Responses to the summary of audit recommendations by your firm.

Sincerely,

H. J. Freebourn
Director
Butte Vo-Tech Center

Attachment

HJF/hb

RESPONSE

BUTTE VOCATIONAL TECHNICAL CENTER AUDIT

FOR YEAR ENDED JUNE 30, 1981

Recommendation #1

Recommendation: Auditor's Office

General Fixed Assets

The Center should maintain a separate General Fixed Assets Fund to record major equipment purchases. Presently all equipment is shown as an expenditure of the general fund with no detailed fixed assets records. This treatment is not in accordance with generally accepted accounting principles.

Response: School District No. 1

Concur with Recommendation

District recognizes that a separate General Fixed Assets Fund be maintained to record major equipment purchase. District Business Manager has been instructed to implement procedure for Fiscal Year 82.

Recommendation #2

Recommendation: Auditor's Office

a. Cash Accounts

The Center presently maintains manual records to account for activity in the DFAFS cash account. SBAS should be modified to allow a detailed subsidiary ledger by fund for DFAFS cash, to eliminate the need for manual records.

Response: School District No. 1

Concur with Recommendation

Cash Accounts

The District Business manager has been instructed to contact the Department of Administration as to proper procedure for implementation of a detailed subsidiary ledger by fund for DFAFS on SBAS.

b. Cash Receipts

During our test of cash receipts, it was noted that deposits are not always made on a timely basis. Although the policy is to deposit cash at least once per week or when cash exceeds \$100 or cash and checks exceed \$500, we noted several instances where this policy was not enforced.

As of June 30, 1981, the Center received \$150 for advanced tuition payments. This cash was not entered into the SBAS until fiscal year 1982. This cash should have been recorded with an offsetting entry to deferred revenue as of June 30, 1981.

Response: School District No. 1

Concur with Recommendation

Cash Receipts

Center is complying with recommendations at this time. Provisions have been initiated to deposit all cash and checks in accordance with policy by end of each school day rather than just once a day.

Recommendation #3

Recommendation: Auditor's Office

Journal Voucher Entry

- a. During our review of journal entries we noted the Center does not have on file copies of all journal voucher form 271's issued.
- b. Copies of all journal vouchers made on behalf of the Butte Vocational Technical Center should be on hand at the Center.

Response: School District No. 1

Concur Partially with Recommendation

The Center concurs with recommendation (a) and is presently in compliance with the recommendation. Journal voucher Form 271's not on hand during audit have been received from Helena at the School District Business Office and are now on file.

The Center does not concur with recommendation (b) as to the location of the copies of the journal vouchers being on hand at the Center.

The copies of the journal vouchers should be located in the School District Business Office.

Recommendation #4

Recommendation: Auditor's Office

Fund Transfers

Temporary cash transfers are being made before approval of budget amendments are granted. The Center should attempt to anticipate cash needs further in advance.

Response: School District No. 1

Concur Partially with Recommendation

Center recognizes and makes every attempt to comply with fund transfers policy; however, there are many unforeseen instances that occur that cannot be anticipated throughout a school year where items must be purchased immediately to meet student needs, etc. Thus, approval of a written budget amendment at the local Superintendent level and OPI level is not practical. The policy concerning fund transfer should allow some form of flexibility such as approval at OPI level by telephone, with the budget amendment immediately forwarded to them by mail for signature of approval.

Recommendation #5

Recommendation: Auditor's Office

Expense Account Coding

Our analysis of rent expense disclosed inconsistencies in expense account distribution. The monthly data processing equipment rental was encoded in four different expense accounts during the year. In order to maintain consistency, a summary control listing indicating the proper account distribution for recurring monthly charges should be implemented.

Response: School District No. 1

Concur with Recommendation

The District Business Manager has been instructed to correct existing problem by implementing a summary control listing indicating the proper account distribution for recurring monthly charges. Present problem stems from initiation of coding system with SBAS during the first year.

Recommendation #6

Recommendation: Auditor's Office

Duplication of Records

It is understandable that during the first year of SBAS implementation, duplicate manual records were necessary. However, beginning in fiscal year 1982, manual records should be kept to a minimum. Any deficiencies in the SBAS creating a need for manual records should be communicated to the Department of Administration so that corrective action can be taken.

Response: School District No. 1

Concur with Recommendation

VOCATIONAL TECHNICAL CENTER



November 16, 1981

AUDIT RESPONSES FOR FISCAL YEAR ENDED JUNE 30, 1981

PAGE 18: John Romine Jim Williamson	RESPONSE: The basic grant payment schedule tells the amount of the payment based on the eligibility index and the school budget. This is a short coming in the payment schedule from H.E.W.
PAGE 19: Michael Sigler Harley Speegle Debbie Trevena	RESPONSE: Copy enclosed RESPONSE: Copy Enclosed RESPONSE: Called former student Trevena and she will sign form.
Taurina White	RESPONSE: Will correspond with student and get a signature.
Jim Williamson:	RESPONSE: Student still in school will sign form.
Mary Alisa Cavanaugh Thomas Beatty Richard Paige	RESPONSE: Copy enclosed. RESPONSE: Copy enclosed RESPONSE: Copy enclosed
PAGE 37: Toni Simmons:	RESPONSE: Student did this without the authorization of the financial aid office. This will be prevented in the future by our examining the printout from the counseling dept.(the 90 list) to see the class load.
Gary Button:	RESPONSE: The affidavit of educational intent is signed when the student receives the first check. Mr. Button left school after working 4.5 hrs. The parent requested the check so I gave it to him.
Mary A. Cavanaugh	RESPONSE: Students family was severely affected by the strike in the copper industry.
Tom Barsanti	RESPONSE: Earned \$152.00 over award
Colleen Boyle	RESPONSE: Earned \$4.25 over award
Sam Freece	RESPONSE: Earned \$151.00 over award
Barry Martin	RESPONSE: Not according to our records,copy enclosed
Richard Paige	RESPONSE: Earned \$5.10 over award

VOCATIONAL TECHNICAL CENTER



PAGE TWO:

RESPONSE: Students did not earn more than \$200.00 above the award amount which is permissible.

PAGE 38 Wanda Hill
 N. Deoner
 Mary Alisa Cavanaugh

RESPONSE: Copy enclosed of SER, and award notification

RESPONSE: No record of this name.

RESPONSE: Copy of need analysis and award letter enclosed. \$1000.00 Work Study, \$200.00 SEOG.



OFFICE OF PUBLIC INSTRUCTION

STATE CAPITOL
HELENA, MONTANA 59601
(406) 449-3095

Ed Argenbright
Superintendent

November 18, 1981

Max R. Simmons
Veltkamp, Dore and Co.
Martel Plaza Building
P.O. Box 1965
Bozeman, Montana 59715

Dear Mr. Simmons:

This response emanates from a review of the draft copy of the audit of the Butte Vocational-Technical Center--fiscal year-end June 30, 1981.

In regard to your recommendations:

- page 11: We concur.
- page 12: We concur.
- page 18: We concur; a continuing state leadership effort in student records and financial aid will insure correct procedures.
- pages 37-38: We concur that better documentation of student records is necessary. Steps will be taken to provide more state leadership in these areas.

We appreciate the opportunity to reply to your recommendations and trust that this response will be of assistance.

Sincerely:

A handwritten signature in cursive script, reading "Gene R. Christiaansen".

GENE R. CHRISTIAANSEN
Assistant Superintendent
Department of Vocational Education

hd

cc: E. Argenbright
R. Shackelford
H. Freebourn
W. Milligan

